



March 25, 2015

David Lee, President  
IATSE Local 819  
PO BOX 5645  
Washington, DC 20016

Case Number: 450-4512962( )  
LM Number: 031595

Dear Mr. Lee:

This office has recently completed an audit of International Alliance of Theatrical Stage Employees (IATSE) Local 819 under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA). As discussed during the exit interview with Secretary-Treasurer Ivan Haggins and you on March 6, 2015, the following problems were disclosed during the CAP. The matters listed below are not an exhaustive list of all possible problem areas since the audit conducted was limited in scope.

#### Recordkeeping Violations

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 requires, among other things, that labor organizations maintain adequate records for at least five years by which each receipt and disbursement of funds, as well as all account balances, can be verified, explained, and clarified. As a general rule, labor organizations must maintain all records used or received in the course of union business.

For disbursements, this includes not only original bills, invoices, receipts, vouchers, and applicable resolutions, but also documentation showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipient(s) of the goods or services. In most instances, this documentation requirement can be satisfied with a sufficiently descriptive expense receipt or invoice. If an expense receipt is not sufficiently descriptive, a union officer or employee should write a note on it providing the additional information. For money it receives, the labor organization must keep at least one record showing the date, amount, purpose, and source of that money. The labor organization must also retain bank records for all accounts.

The audit of Local 819's 2011 records revealed the following recordkeeping violations:

1. Credit Card Expenses

Local 819 did not retain adequate documentation for some credit card expenses incurred by union officials. For example, the union did not retain receipts for a purchase at Walmart.com and for several flower purchases from York Flowers.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers) of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

2. Meal Expenses

Local 819 did not require offices to submit itemized receipts for some meal expenses. The union must maintain itemized receipts provided by restaurants to officers. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Local 819 records of meal expenses did not always include a sufficient written explanation of the union business conducted or the names and titles of the persons incurring the restaurant charges. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

3. Failure to Record Receipts

Local 819 did not record in its receipts records sufficient details regarding some cash received from retired members for health insurance. Union receipts records must include adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

4. Information not Recorded in Meeting Minutes

During the audit, the union officers advised OLMS that the executive board authorized retirement gifts for two union officers at an executive board meeting. However, the minutes of the meetings do not contain any reference to those issues. Minutes of all executive board meetings must report any disbursement authorizations made at those meetings.

## 5. Failure to Maintain Records

Local 819 failed to maintain some payroll records for union officers and an invoice from MetLife. All union records must be maintained.

Based on your assurance that Local 819 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

### Reporting Violations

The audit disclosed a violation of LMRDA Section 201(b), which requires labor organizations to file annual financial reports accurately disclosing their financial condition and operations. The Labor Organization Annual Report (Form LM-3) filed by Local 819 for the fiscal year ended December 31, 2011 was deficient in the following areas:

#### 1. Failure to Report Some Disbursements to Officers

Local 819 did not include some disbursements to officers for dues refunds and allowances for attending executive board meetings in the amounts reported Item 24 (All Officers and Disbursements to Officers).

The union must report most direct disbursements to Local 819 officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

#### 2. Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local 819 amended its constitution and bylaws in 2008, but did not file a copy with its LM report for that year. Local 819 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 819 file an amended LM report for 2011 to correct the deficient items, but Local 819 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

1. One Signature on Checks

During the audit, union officers disclosed that it is the union's policy to have two signatures on all checks. The audit disclosed several checks disbursed during the audit period had only one signature. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. OLMS recommends that Local 819 follow this procedure to improve internal control of union funds.

I want to extend my personal appreciation to IATSE Local 819 for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter and the compliance assistance materials provided to you are passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,

  
Investigator

cc: Ivan Haggins, Treasurer